

Message Text

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ACTION EUR-12

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USDOC FOR BEWT

E.O. 11652: N/A
TAGS: EEWT, GE
SUBJECT: SINGER COMPANY NEGOTIATIONS WITH GDR

REF: 77 BERLIN 7962

1. DONALD G. ROBBINS, JR., SENIOR VICE PRESIDENT OF THE SINGER COMPANY, ACCOMPANIED BY SENIOR COUNSEL PAUL STERNBERG, CALLED ON AMBASSADOR MARCH 31 TO APPRISE HIM OF RECENT DEVELOPMENTS IN HIS COMPANY'S BUSINESS NEGOTIATIONS WITH THE GDR.

2. ROBBINS DESCRIBED BRIEFLY EVENTS LEADING UP TO CURRENT VISIT, BEGINNING WITH HIS OCTOBER '77 VISIT WITH STERNBERG TO ALTENBURG FOR NEGOTIATIONS WITH TEXTIMA, A PRIMARY GDR PRODUCER OF TEXTILE MACHINERY, AND UNITECHNA, THE FTO RESPONSIBLE FOR TEXTILE MACHINERY, ON AN ARRANGEMENT INVOLVING LICENSING ON A COUNTERPURCHASE BASIS PRODUCTION IN THE GDR OF INDUSTRIAL SEWING MACHINES NO LONGER PRODUCED BY SINGER. IN DECEMBER SIX REPRESENTATIVES FROM TEXTIMA AND UNITECHNA MET WITH SINGER IN NEW YORK FOR FURTHER DISCUSSIONS WHICH ROBBINS DESCRIBED AS HAVING MADE
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PAGE 02 BERLIN 02348 042252Z

MODERATE PROGRESS TOWARD A LICENSING ARRANGEMENT. DURING VISIT, GDR GROUP VISITED SINGER PRODUCTION FACILITY IN PATTERSON, N.J., AND ACCORDING TO ROBBINS, WERE IMPRESSED BY HIGH QUALITY OF SINGER ALUMINUM DIE CASTING TECHNIQUES FOR HOME SEWING MACHINES.

3. A ROUND OF DISCUSSIONS WITH TEXTIMA DURING HIS

PRESENT VISIT, HOWEVER, CONVINCED ROBBINS THAT THE GDR WOULD NOT BE INTERESTED IN PURCHASING A LICENSE TO MANUFACTURE AN ENTIRE LINE OF INDUSTRIAL SEWING MACHINES, SINCE SOME OF THE MACHINES PROPOSED BY SINGER WERE ALREADY BEING PRODUCED BY THE GDR AND THE TECHNICAL ADVANTAGES OF THE SINGER MACHINES WERE NOT OF A MAGNITUDE SUFFICIENT TO JUSTIFY NEW GDR INVESTMENT. THE GDR WAS INTERESTED IN PURCHASING LICENSE TO MANUFACTURE SINGER COMPONENTS COMPATIBLE WITH GDR MACHINERY AND SINGER HAD REACHED AN AGREEMENT IN PRINCIPLE ON A LICENSING ARRANGEMENT INVOLVING SINGER COUNTERPURCHASE OF GDR TEXTILE MACHINERY. ROBBINS DESCRIBED THE GDR MACHINERY AS GOOD QUALITY AND SAID IT WOULD REPLACE MACHINERY IN THE SINGER LINE MANUFACTURED IN SCOTLAND. THE GDR MACHINERY WOULD BE MARKETING IN WESTERN COUNTRIES OTHER THAN THE U.S., WHERE UNFAVORABLE TARIFF ESSENTIALLY ELIMINATES GDR MACHINERY FROM COMPETITION. UNDER THE PROPOSED ARRANGEMENT, THE GDR WOULD IMPORT SINGER MACHINES MADE IN THE U.S., SCOTLAND AND JAPAN; AND SINGER WOULD PURCHASE \$2 MILLION IN MACHINES ANNUALLY FROM THE GDR, THE LATTER FIGURE POSSIBLY RISING EVENTUALLY AS HIGH AS \$3-\$4 MILLION.

4. ROBBINS IS TAKING A DRAFT CONTRACT BACK WITH HIM AND EXPECTS TO SIGN FINAL CONTRACT DURING VISIT ON JUNE 6. TWO SAMPLE GDR MACHINES ARE BEING SHIPPED LIMITED OFFICIAL USE

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PAGE 03 BERLIN 02348 042252Z

TO U.S. FOR SINGER EXAMINATION.

5. IN THE COURSE OF DISCUSSIONS, ROBBINS PROPOSED THAT SINGER HOME SEWING MACHINES BE SOLD THROUGH THE INTERSHOP SYSTEM OF HARD CURRENCY STORES. THE GDR SHOWED INTEREST IN THE PROPOSAL, BUT NO COMMITMENTS WERE MADE. ROBBINS SAID THAT HE HAD DISCUSSED THE POSSIBILITY OF THE SINGER COMPANY JOINING THE US-GDR TRADE AND ECONOMIC COUNCIL WITH JEROME OTTMAR AND THAT SINGER MAY ATTEND THE NEXT MEETING OF THE COUNCIL. ROBBINS ALSO MENTIONED THAT SINGER PLANS TO FILE A CLAIM SHORTLY WITH THE U.S. CLAIMS COMMISSION RELATING TO A FORMER SINGER FACILITY IN WITTENBERGE (REFTEL). BOLEN

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